

Assembly Constitutional Amendment

No. 19

Introduced by Assembly Member Nation

March 4, 2002

Assembly Constitutional Amendment No. 19—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending subdivision (h) of Section 2 of Article XIII A thereof, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 19, as introduced, Nation. Property taxation: change in ownership: exclusion: grandparent transfers to grandchildren.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing law provides that, for purposes of this limitation, the terms “purchased” and “change in ownership” do not include certain transfers of real property between a grandparent and a grandchild whose parents are deceased.

This measure would, for purchases or transfers that occur on or after November 6, 2002, instead provide that the terms “purchased” and “change in ownership” do not include a transfer of the principal residence between a grandparent and a grandchild, regardless of whether the parents of that grandchild are deceased.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2001–02 Regular
3 Session commencing on the fourth day of December 2000,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended by amending subdivision (h)
7 of Section 2 of Article XIII A thereof, to read:

8 (h) (1) For purposes of subdivision (a), the terms “purchased”
9 and “change in ownership” do not include the purchase or transfer
10 of the principal residence of the transferor in the case of a purchase
11 or transfer between parents and their children, as defined by the
12 Legislature, and the purchase or transfer of the first one million
13 dollars (\$1,000,000) of the full cash value of all other real property
14 between parents and their children, as defined by the Legislature.
15 This subdivision ~~shall apply~~ *applies* to both voluntary transfers
16 and transfers resulting from a court order or judicial decree.

17 (2) (A) Subject to subparagraph (B), ~~commencing with both of~~
18 *the following apply:*

19 (i) *For purchases or transfers that occur on or after the date*
20 ~~*upon which the measure adding this paragraph becomes effective*~~
21 *March 27, 1996, and before November 6, 2002,* the exclusion
22 established by paragraph (1) also applies to a purchase or transfer
23 of real property between grandparents and their grandchild or
24 grandchildren, as defined by the Legislature, that otherwise
25 qualifies under paragraph (1), if all of the parents of that
26 grandchild or those grandchildren, who qualify as the children of
27 the grandparents, are deceased as of the date of the purchase or
28 transfer.

29 (ii) *For purchases or transfers that occur on or after November*
30 *6, 2002, the exclusion established by paragraph (1) also applies*
31 *to a purchase or transfer between grandparents and their*
32 *grandchild or grandchildren of the transferor’s principal*
33 *residence, without regard to whether any parent of that grandchild*
34 *or grandchildren is deceased as of the date of the purchase or*
35 *transfer.*

36 (B) A purchase or transfer of a principal residence ~~shall~~ *may* not
37 be excluded pursuant to subparagraph (A) if the transferee
38 grandchild or grandchildren also received a principal residence, or
39 interest therein, through another purchase or transfer that was
40 excludable pursuant to paragraph (1). The full cash value of any

1 real property, other than a principal residence, that was transferred
2 to the grandchild or grandchildren pursuant to a purchase or
3 transfer that was excludable pursuant to paragraph (1), and the full
4 cash value of a principal residence that fails to qualify for
5 exclusion as a result of the preceding sentence, shall be included
6 in applying, for purposes of subparagraph (A), the one million
7 dollar (\$1,000,000) full cash value limit specified in paragraph (1).

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